

## Message Text

CONFIDENTIAL

PAGE 01 ACCRA 03808 01 OF 02 201108Z  
ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-01  
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02  
SS-15 USIA-06 EB-07 COME-00 AID-05 IO-13 TRSE-00  
DHA-02 /095 W  
-----201124Z 100479 /13

P R 200947Z MAY 77  
FM AMEMBASSY ACCRA  
TO SECSTATE WASHDC PRIORITY 8106  
INFO AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 1 OF 2 ACCRA 3808

LONDON FOR ZEITZ

EO 11652: XGDS-1  
TAGS: PINS PGOV EGEN EAID GH  
SUBJ: US/UK TALKS ON CONDITIONS IN GHANA

REF: ACCRA 2784

1. SUMMARY: A FOURTH ROUND OF US/UK TALKS WAS HELD MAY 18.  
BOTH SIDES AGREED POLITICAL/ECONOMIC CONDITIONS IN GHANA HAVE  
REACHED A NEW AND PROBABLY HISTORIC LOW. THERE IS A STRONG  
POTENTIAL FOR SPONTANEOUS OUTBREAKS OF VIOLENCE AND/OR A  
COUP. NEED FOR MORE EMERGENCY FOOD AID SOON IS CLEAR. END SUMMARY.

2. AMBASSADOR SMITH, DCM, ECONOMIC AND POLITICAL OFFICERS  
MET WITH HIGH COMMISSIONER MILLS AND BRITISH COUNTERPARTS TO  
TAKE STOCK OF SITUATION IN GHANA SINCE LAST ROUND OF TALKS  
(HELD APRIL 14, REFTEL). MILLS BEGAN BY NOTING THE ECONOMIC  
POSITION OF COUNTRY HAS DETERIORATED SHARPLY SINCE LAST MEETING.  
UK BANKS AND PROBABLY CONTINENTAL BANKS AS WELL ARE UNWILLING  
TO EXTEND ADDITIONAL CREDIT TO GHANIAN BANKS(INCLUDING BAR-  
CLAYS AND STANDARD). FOREIGN EXCHANGE ALLOCATIONS TO BANKS  
HERE VIRTUALLY EXHAUSTED, AND IMPORTS OF RAW MATERIALS ABOUT  
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PAGE 02 ACCRA 03808 01 OF 02 201108Z

TO STOP. THUS, BY AUGUST MANY LOCAL INDUSTRIES WILL HAVE TO  
SHUT DOWN. BANK OF GHANA, MILLS CONTINUED, DOES NOT KNOW  
WHAT ITS CASH FLOW POSITION IS SINCE ORDERS ARE ISSUED FROM  
THE CASTLE (GHANIAN "WHITE HOUSE") TO PAY  
CERTAIN BILLS. FOR EXAMPLE, FRANK ANNO, SACKED AS DEPUTY  
GOVERNOR OF THE BANK OF GHANA FOR ALLEGED MISMANAGEMENT OF  
FOREIGN EXCHANGE, HAD BEEN ORDERED BY THE CASTLE TO USE FUNDS

EARMARKED FOR OIL TO FINANCE OTHER IMPORT COSTS. THUS WHEN NIGERIAN OIL BILL CAME DUE, ANNO UNABLE TO PAY IT AND LOST HIS JOB AS A RESULT (ACCRA 1371, PARA 4).

3. MILLS NOTED REPORTS IN BRITISH PRESS THAT IMF HAD BEEN RECOMMENDING A 30 PERCENT DEVALUATION; HE BELIEVED THIS WAS AN OLD IBRD FIGURE AND NOW OUT OF DATE. ACTUAL VALUE OF CEDI CURRENTLY ABOUT ONE-SIXTH OF OFFICIAL LEVEL. BOTH SIDES AGREED THAT, BY ITSELF, DEVALUATION WOULD SOLVE NOTHING--IT WOULD HAVE TO BE PART OF AN ECONOMIC STABILIZATION PACKAGE. BOTH SIDES, TOO, HAD HEARD SPECULATION GHANA MIGHT TRY TO DEVALUE QUIETLY BY PEGGING THE CEDI TO A SECRET BASKET OF OTHER CURRENCIES. AMBASSADOR SMITH REPORTED THAT, TO OUR SURPRISE, COMMISSIONER FOR ECONOMIC PLANNING GARDINER HAD TOLD AID ADMINISTRATOR GILLIGAN IN WASHINGTON THAT "WE HAVE NO OBJECTION IN PRINCIPLE TO DEVALUATION." THIS WAS THE FIRST OFFICIAL SUGGESTION THAT DEVALUATION MAY NO LONGER BE TOTALLY TABOO TO THE GOG.

4. AMBASSADOR SMITH SAID USG IS STILL STUDYING GHANA'S REQUEST FOR PL-480, TITLE I HELP BUT THAT, EVEN IF A FAVORABLE DECISION SHOULD BE TAKEN, IT WAS MOST UNLIKELY ANYTHING COULD BE DONE IN FY 1977. REFERRING TO THE STRINGENT CONDITIONS ATTACHED TO TITLE I AID, AMBASSADOR SMITH SAID GARDINER IS MORE CONFIDENT THAN WE ARE THAT HE CAN GET HEAD OF STATE ACHEAMPONG TO GO ALONG WITH SUCH CONDITIONS. THE FOOD SITUATION IN THE NORTHERN AND UPPER REGIONS OF GHANA, AMBASSADOR ADDED, IS VERY BAD NOW AND CERTAIN TO GET WORSE. IN SOME AREAS, PEOPLE ARE EATING

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PAGE 03 ACCRA 03808 01 OF 02 201108Z

ONLY ONE MEAL A DAY, OR SOMETIMES ONLY ONE MEAL EVERY OTHER DAY. EVEN IF RAINS COME TO BREAK THE DROUGHT, FARMERS MAY BE TOO WEAK TO TILL FARMS. SINCE SOME ARE NOW REDUCED TO EATING SEEDS, PROSPECTS FOR THE NEXT CROP ARE POOR. EVEN ELSEWHERE, INCLUDING MAJOR URBAN AREAS, FOOD SUPPLY DIFFICULT.

5. MILLS CONFIRMED "TERRIBLE SHORTAGES" IN NORTH. GOG OFFICIALS FACE A CRUEL DILEMMA--GOD HAS GIVEN PRIORITY TO TRANSPORT OF FERTILIZER (WHICH HAD STACKED UP AT TEMA IN HUGE QUANTITIES) RATHER THAN GRAIN. THERE ARE NOT ENOUGH TRUCKS AND SPARE PARTS TO HAUL BOTH, BUT BOTH ARE URGENTLY NEEDED. THE CHOICE SEEMS TO BE: STARVE NOW OR STARVE LATER. AMBASSADOR SMITH SAID THAT GILLIGAN HAD RAISED WITH ACHEAMPONG TRANSPORTATION BOTTLENECKS IN MOVING FOOD AND NEED FOR MULTI-DONOR ASSESSMENT, BUT LATTER DID NOT APPEAR ANXIOUS TO DISCUSS IT (ACCRA 3725).

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PAGE 01 ACCRA 03808 02 OF 02 201115Z  
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-----201123Z 100564 /13

P R 200947Z MAY 77  
FM AMEMBASSY ACCRA  
TO SECSTATE WASHDC PRIORITY 8107  
INFO AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 2 OF 2 ACCRA 3808

LONDON FOR SEITZ

6. MILLS REITERATED THAT EEC WAS READY AND WILLING TO MAKE EMERGENCY FOOD STOCKS AVAILABLE TO GHANA IF RPT IF THE GOG DECLARED AN EMERGENCY. HOWEVER, GOG WILL NOT RPT NOT TAKE THIS STEP, DESPITE REPEATED SUGGESTIONS TO GOG. BOTH SIDES SAW LITTLE WE COULD DO TO MOVE GOG AT THIS TIME. BOTH SIDES DID AGREE TO ALERT INTERESTED PARTIES IN THEIR RESPECTIVE COUNTRIES TO VITRUAL CERTAINTY THAT GHANA WILL NEED A LARGE-SCALE CRASH FOOD PROGRAM BEFORE THE END OF 1977 IF STARVATION IS TO BE AVOIDED. IN ADDITION, MEANS OF TRANSPORTING FOOD SHIPMENTS--TRUCKS, SPARE PARTS, AND POSSIBLY EVEN AN AIRLIFT--MAY ALSO BE REQUIRED SINCE GOG WILL LACK CAPABILITY TO HANDLE AND DISTRIBUTE FOOD EFFECTIVELY.

7. WE AGREED THERE IS DILEMMA IN RESPONDING TO REAL HUMAN NEEDS YET NOT APPEARING TO PROP UP SMC REGIME PER SE.

8. TURNING TO THE POLITICAL SITUATION, AMBASSADOR SMITH REMARKED THAT OUR GHANIAN CONTACTS BELIEVE SITUATION IS NOW WORSE THAN EVER. THIS CAN ONLY LEAD TO INCREASING DISAFFECTION WITH ACHEAMPONG AND THE SUPREME MILITARY COUNCIL (SMC). BOTH ACHEAMPONG AND INSPECTOR GENERAL OF POLICE AKO  
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PAGE 02 ACCRA 03808 02 OF 02 201115Z

FEAR A COUP AND ARE CONCERNED FOR THEIR PERSONAL SAFETY

AND THAT OF OTHER SMC MEMBERS. AMBASSADOR SMITH MENTIONED THAT ALTHOUGH ACHEAMPONG HAD SEEMED RELATIVELY RELAXED ON FRIDAY, MAY 13, WHEN HE MET WITH AMBASSADORS YOUNG AND SMITH, HE WAS TENSE, ILL AT EASE AND PREOCCUPIED ON MONDAY, MAY 16, WHEN HE MET WITH ADMINISTRATOR GILLIGAN'S PARTY AND AMBASSADOR. THE CHANGE IN HIS MOOD WAS PROBABLY DUE TO CONCERN OVER IMPLICATIONS OF STUDENT DEMONSTRATIONS AND GROWING FEARS OF A COUP ATTEMPT.

9. BRITISH SAW POSSIBILITIES FOR SEVERAL SCENARIOS:

(A) CONDITIONS CONTINUE TO WORSEN. SMC BUYS TIME BY APPROACHING IMF, US, UK AND POSSIBLY EEC FOR ASSISTANCE WITH FOOD AND FOREIGN EXCHANGE BUT RESORTS TO INCREASING REPRESSION AT HOME TO KEEP CITIZENS IN LINE. LIKELY RESULT: MARGINAL IMPROVEMENT IN ECONOMIC SITUATION BUT PROBABILITY THAT POPULAR DISCONTENT WITH REPRESSIVE MEASURE WILL LEAD TO SPONTANEOUS AND VIOLENT DEMONSTRATIONS BEFORE TOO LONG. (COMMENT: EMBASSY LEARNED FROM VISITING US BANKERS MAY 19 THAT BANK OF GHANA OFFICIALS SAID THEY "HAD NO INTENTION" OF TURNING TO IMF FOR ASSISTANCE.)

(B) SMC MAY DISINTEGRATE. ACHEAMPONG COULD RESIGN OR FLEE. OTHER SMC MEMBERS, FEARFUL FOR THEIR SAFETY, COULD TUNE OUT OF GOVERNMENT PROCESS AND REFUSE TO TAKE ANY ACTION. LIKELY RESULT: OTHER OFFICERS WOULD PROBABLY STEP INTO POWER VACUUM BUT WOULD STILL FACE FOOD SHORTAGE AND OTHER ECONOMIC PROBLEMS, KEEPING OPEN POSSIBILITIES OF VIOLENT OUTBURSTS.

(C) SOME SMC MEMBERS THEMSELVES OR DISGRUNTLED MID-GRADE OFFICERS MIGHT TRY A COUP. HOWEVER, BRITISH FEEL ACHEAMPONG IS KEENLY AWARE OF THIS DANGER AND HAS POTENTIAL DISSIDENTS UNDER SURVEILLANCE. A COUP ATTEMPT THEREFORE, MIGHT WELL BE NIPPED IN THE BUD. BRITISH FEEL THIS IS LEAST LIKELY OF ABOVE SCENARIOS.

10. COMMENT: WE SHARE MOST OF BRITISH VIEWS DISCUSSED  
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PAGE 03 ACCRA 03808 02 OF 02 201115Z

ABOVE BUT WOULD GIVE SLIGHTLY HIGHER ODDS ON A COUP ATTEMPT. WE AND BRITISH AGREE THAT IN EVENT OF VIOLENCE, EXPATRIATES WOULD LIKELY NOT RPT NOT BECOME SPECIFIC TARGETS OF POPULAR OR OFFICIAL HOSTILITY. (BUT TO BE PRUDENT WE ARE UPGRADING OUR E&E PLANS.) WE URGE DEPT GIVE CAREFUL CONSIDERATION TO CONTINGENCY PLANS FOR LARGE SCALE FOOD SHIPMENTS TO AND DISTRIBUTION IN GHANA ON HUMANITARIAN GROUNDS IF STARVATION OCCURS. SMITH

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## Message Attributes

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